

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

May 19, 2003

LB 596, 655

CLERK: 33 ayes, 0 nays, Mr. President, on the advancement of LB 655.

SPEAKER BROMM: LB 655 does advance. LB 596, Mr. Clerk.

CLERK: LB 596, Mr. President, introduced by the Revenue Committee and signed by its membership. (Read title.) The bill was introduced on January 21 of this year, referred to the Revenue Committee. The bill was advanced to General File. I do have committee amendments, Mr. President.

SPEAKER BROMM: Senator Landis to open on LB 596.

SENATOR LANDIS: Mr. Speaker, members of the Legislature, going through the federal government right now is a major tax cut. You've all been hearing about it. Its size and terms are as yet unclear. However, it affects the federal adjusted gross income, which affects the Nebraska adjusted gross income line on our tax forms. Which means that one of the unintended consequences of the federal tax changes is to have a carry-over effect in the Nebraska revenue system. So I speak with the support of the administration when I say that it would be wise to find a way not to have this inadvertent effect. As a matter of fact, this bill at this time would have the impact of keeping away from our budget problem someplace between 75 and 180 million dollars of greater revenue problems. And the greater revenue problems would occur because of federal tax changes, which would minimize the federal adjusted gross definition, which would then cut back Nebraska revenues by someplace between 75 and 80...180 million dollars in the biennium. There are three ways in which this is done. And this bill essentially holds us harmless. It keeps us essentially at the same place we are now with our existing planning assumptions in place. One of the first things that LB 596 does is to essentially add back income which would be otherwise excluded by the corporate dividend exclusion, or the accelerated depreciation clauses of the federal tax cut. So there are two places where the feds are cutting taxes: corporate dividends, and they have an accelerated depreciation. What this instructs people doing Nebraska taxes to do is to add that back for the purposes of Nebraska taxation. In other words, keeping